

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
September 30, 2005***

**Dennis Winans  
Chief Financial Officer**

***National Credit Union Administration Operating Fund***  
***Financial Highlights***  
***September 30, 2005***

**General**

NCUA completed a year-end close of the books for September 30, 2005 in order to comply with federal financial reporting requirements so that NCUA's reporting year aligns with the government fiscal year-end close. A calendar year-end close will also be completed for December 31, 2005.

**Balance Sheet**

Overnight Investments decreased \$2.8 million for payment of operating expenses.

Accounts Receivable increased \$1.9 million due to higher than anticipated expenses because of accruals for the government year-end close.

Fixed assets (equipment) increased \$259,000 mainly as a result of a new accounting rule to capitalize certain costs associated with internally developed software. Improvements were made to the 5300 Call Report cycle as of September 30, 2005.

Accounts Payable increased \$3.6 million largely due to the accrual of estimated liabilities for the government fiscal year-end close.

Accrued Employee Compensation increased \$2.3 million due to the accrual for 10 days at the end of September versus 8 days in the previous month. Also, lodging night bonuses and annual leave were accrued for the government fiscal year-end close. Accruals are reversed the first working day of the month.

Other Current Liabilities decreased \$5.1 million. The majority of the decrease is the result of deferred income that will be recognized evenly over the remaining calendar period.

Operating Fund Equity decreased \$1.7 million due to a net operating loss for the month.

**Statement of Revenue and Expense**

Net income for the month was \$1.5 million lower than planned due to all expenses being over budget as a result of additional year-end type accruals. Employee travel and administrative expenses were significantly over budget as a result of accruing for estimated liabilities.

**Statement of Cash Flow**

Cash decreased by \$2.8 million for the month, reflecting payment of operating expenses and minimal revenue collections. As of September 30, operating fees of approximately \$12,700 remain outstanding.

**Budget (Year-to-Date)**

Agency year-to-date spending was under budget by \$5.8 million or 5.2 percent after accrual of expenses and liabilities for the government fiscal year-end close. Pay, benefits, and travel were under budget by 5.9 percent. The remaining under budget variance of \$175,000 was a net result of contracted services being under budget and administrative services being over budget.

**Vacancies**

The agency had 40 vacancies (excluding summer interns) as of October 1 -- down from 47 in August. Of the 40 vacancies, there were 26 vacancies in the central office, 12 vacancies in the regional offices and AMAC, and 2 vacancies in the field staff. The 40 vacancies represent 4.16 percent of total authorized staff of 960.97.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**September 30, 2005**

	September 2004	August 2005	September 2005
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$5,424.63	\$5,415.31	\$5,402.12
Overnight Investments	42,006,000.00	41,328,000.00	38,504,000.00
Accounts Receivable	1,032,538.99	767,282.66	2,646,085.08
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	611,081.14	586,065.52	553,264.83
Home Purchase Program	0.00	464,768.91	447,607.00
Other	0.00	230,422.75	200.00
<i>Total Current Assets</i>	<u>43,655,044.76</u>	<u>43,381,955.15</u>	<u>42,156,559.03</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,606,653.00	27,978,054.00	27,905,148.00
Capital Lease	1,591,577.23	677,403.10	592,057.45
Equipment	1,982,207.09	2,499,004.09	2,758,310.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>36,126,701.27</u>	<u>35,100,725.14</u>	<u>35,201,779.49</u>
<b>TOTAL ASSETS</b>	<u><u>79,781,746.03</u></u>	<u><u>78,482,680.29</u></u>	<u><u>77,358,338.52</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	1,511,841.02	1,179,469.28	4,740,331.90
Accrued Employee Compensation	13,504,282.63	12,844,362.09	15,104,338.36
Other Current Liabilities	15,139,071.78	20,677,552.94	15,543,385.96
<i>Total Current Liabilities</i>	<u>30,155,195.43</u>	<u>34,701,384.31</u>	<u>35,388,056.22</u>
Non-Current Liabilities			
Notes Payable	25,477,813.26	24,248,620.57	24,136,875.78
Other	1,595,646.85	592,000.33	590,567.59
<i>Total Non-Current Liabilities</i>	<u>27,073,460.11</u>	<u>24,840,620.90</u>	<u>24,727,443.37</u>
<b>TOTAL LIABILITIES</b>	<u><u>57,228,655.54</u></u>	<u><u>59,542,005.21</u></u>	<u><u>60,115,499.59</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	17,246,526.20	14,934,623.95	14,934,623.95
Current Year Earnings	5,306,564.29	4,006,051.13	2,308,214.98
<b>TOTAL FUND BALANCE</b>	<u><u>22,553,090.49</u></u>	<u><u>18,940,675.08</u></u>	<u><u>17,242,838.93</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$79,781,746.03</u></u>	<u><u>\$78,482,680.29</u></u>	<u><u>\$77,358,338.52</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expense**  
**September 30, 2005**

	September 2005 Monthly Actual	September 2005 Monthly Budget	September 2005 Year-To-Date Actual	September 2005 Year-To-Date Budget	September 2004 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$132,002.08	\$41,666.67	\$959,496.50	\$374,999.99	\$395,041.03
Program-related Income	5,170,831.59	5,067,500.00	46,481,673.03	45,607,500.00	44,607,783.48
Other Income	2,503.17	12,500.00	119,142.83	112,500.00	62,475.54
Total Revenue	<u>5,305,336.84</u>	<u>5,121,666.67</u>	<u>47,560,312.36</u>	<u>46,094,999.99</u>	<u>45,065,300.05</u>
<b>EXPENSES:</b>					
Employee Pay	3,349,489.22	3,250,771.73	26,994,723.50	28,821,398.31	24,696,057.15
Employee Benefits	913,536.40	839,662.09	7,068,468.71	7,447,714.21	6,203,371.69
Employee Travel	917,418.83	459,343.80	3,938,794.08	4,134,094.24	3,219,979.19
Rent/Communications/Utilities	221,445.07	140,828.62	1,271,061.44	1,267,457.22	1,312,326.92
Administrative Costs	1,257,044.00	376,191.48	4,128,478.72	3,385,723.59	2,737,194.97
Contracted Services	344,239.47	296,929.95	1,850,570.93	2,672,369.74	1,589,805.84
Total Expenses	<u>7,003,172.99</u>	<u>5,363,727.67</u>	<u>45,252,097.38</u>	<u>47,728,757.31</u>	<u>39,758,735.76</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(\$1,697,836.15)</u>	<u>(\$242,061.00)</u>	<u>\$2,308,214.98</u>	<u>(\$1,633,757.32)</u>	<u>\$5,306,564.29</u>

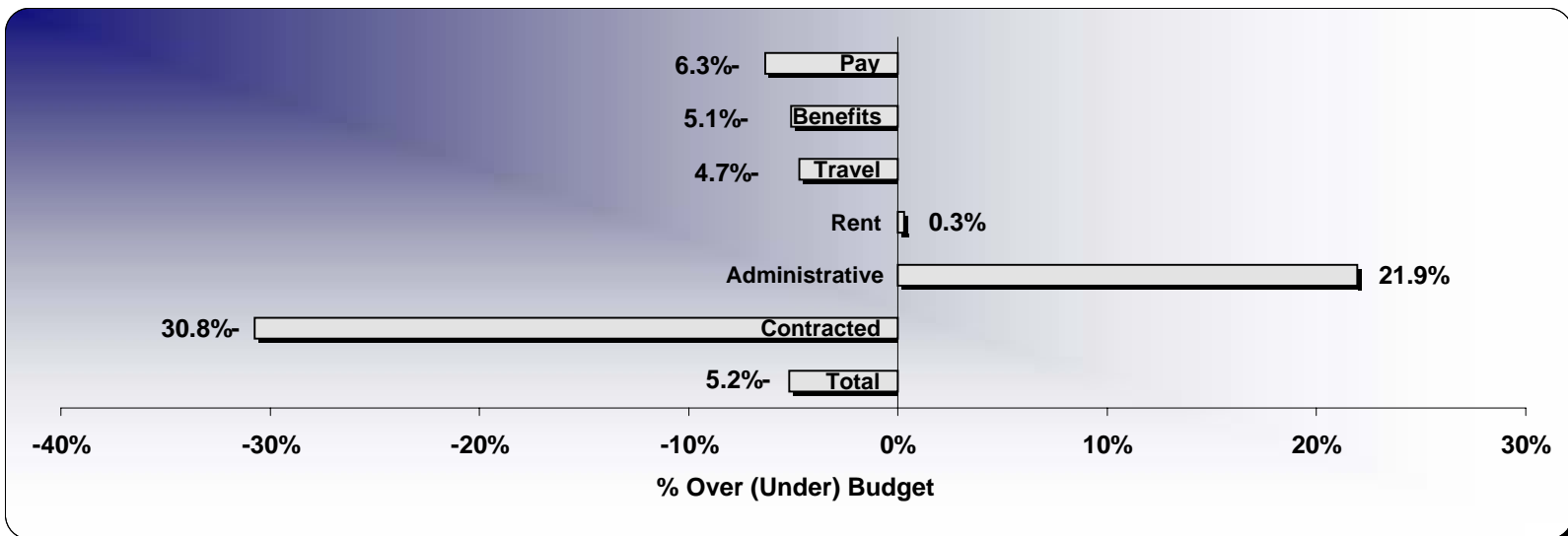
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**September 30, 2005**

	Month	Month	Y-T-D	Y-T-D
	September 2004	September 2005	September 2004	September 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$200.00	\$1,587.07	\$59,870,321.47	\$61,948,931.50
Interest received from cash and cash equivalents	65,060.57	132,002.08	395,041.03	959,496.50
Other income received	3,576.25	2,503.17	62,475.54	119,142.83
(Cash paid for operating expenses)	(8,847,569.47)	(2,459,828.43)	(39,234,430.54)	(38,566,953.71)
<b>Net cash (used) provided by operating activities:</b>	<b>(8,778,732.65)</b>	<b>(2,323,736.11)</b>	<b>21,093,407.50</b>	<b>24,460,617.12</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(18,181.80)	(387,515.55)	(1,295,577.81)	(1,626,665.89)
(Capital lease payments)	(6,240.51)	(2,016.74)	(1,172,774.16)	(1,114,974.83)
Proceeds (purchases) home purchase program	0.00	1,000.00	(58,407.41)	(430,673.84)
<b>Net cash (used) in investing activities</b>	<b>(24,422.31)</b>	<b>(388,532.29)</b>	<b>(2,526,759.38)</b>	<b>(3,172,314.56)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,005,703.11)	(1,005,703.11)
<b>Net cash (used) in financing activities</b>	<b>(111,744.79)</b>	<b>(111,744.79)</b>	<b>(1,005,703.11)</b>	<b>(1,005,703.11)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(8,914,899.75)</b>	<b>(2,824,013.19)</b>	<b>17,560,945.01</b>	<b>20,282,599.45</b>
Cash and cash equivalents at beginning of period	50,926,324.38	41,333,415.31	24,450,479.62	18,226,802.67
<b>Cash and cash equivalents at end of period</b>	<b>\$42,011,424.63</b>	<b>\$38,509,402.12</b>	<b>\$42,011,424.63</b>	<b>\$38,509,402.12</b>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<b>\$325,322.15</b>	<b>(\$1,697,836.15)</b>	<b>\$5,306,564.29</b>	<b>\$2,308,214.98</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	171,764.80	286,461.20	1,503,886.53	2,451,514.09
Unrealized (gain) loss	0.00	16,161.91	0.00	87,640.02
(Gain) loss on disposal of fixed assets	0.00	0.00	22,531.00	1,839.00
(Gain) loss on disposal of homes	0.00	0.00	58,407.41	13,524.98
Interest expense on leases	5,212.69	584.00	68,296.41	16,810.02
Miscellaneous allowances	1,027.82	(0.00)	(22,635.40)	102.69
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	317,620.59	317,620.59
Accounts receivable	(140,022.05)	(1,878,802.42)	1,408,620.21	(1,818,523.03)
Interest receivable	0.00	0.00	583.97	0.00
Prepaid expenses	(92,017.29)	32,800.69	(343,863.46)	34,742.27
Other assets	73,279.23	230,222.75	(0.00)	(200.00)
Increase (decrease) in liabilities:				
Accounts payable	(1,075,250.72)	3,560,862.62	(939,859.32)	2,421,752.43
Accrued employee compensation	(3,047,466.03)	2,259,976.27	(2,215,313.79)	3,143,551.12
Other non current liabilities	83,330.04	0.00	656,288.33	(0.00)
Other current liabilities	(5,083,913.29)	(5,134,166.98)	15,272,280.73	15,482,027.96
<b>Total adjustments</b>	<b>(9,104,054.80)</b>	<b>(625,899.96)</b>	<b>15,786,843.21</b>	<b>22,152,402.14</b>
<b>Net cash (used) provided by operating activities</b>	<b>(\$8,778,732.65)</b>	<b>(\$2,323,736.11)</b>	<b>\$21,093,407.50</b>	<b>\$24,460,617.12</b>

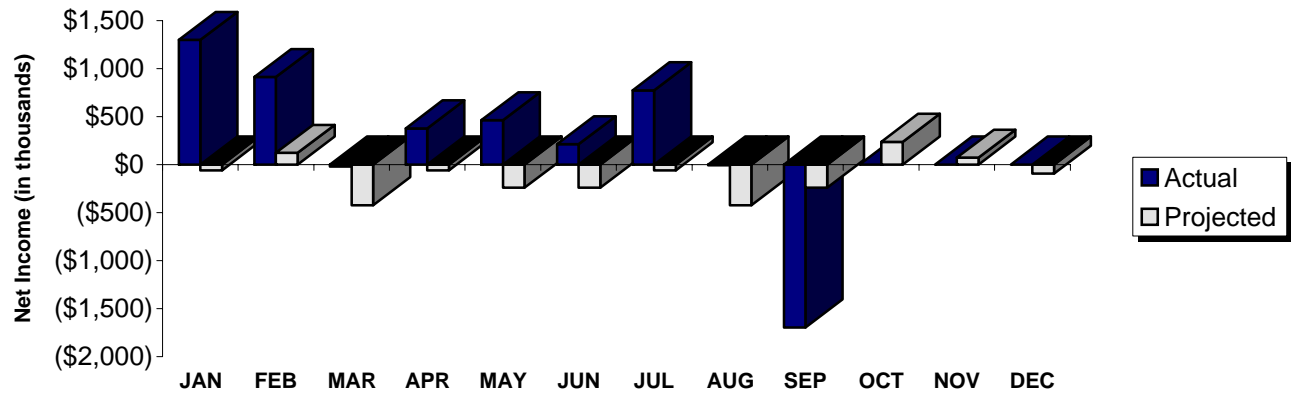
**National Credit Union Administration Operating Fund**  
**(Before Overhead Transfer)**  
**Year-To-Date Budget Report Analysis**  
**September 30, 2005**

	2005				2004			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	67,026,508	62,778,427	(4,248,081)	-6.3%	66,223,721	61,432,978	(4,790,743)	-7.2%
<b>Benefits</b>	17,320,265	16,438,299	(881,965)	-5.1%	16,933,655	15,431,273	(1,502,382)	-8.9%
<b>Travel</b>	9,614,173	9,159,986	(454,186)	-4.7%	10,119,132	8,009,898	(2,109,233)	-20.8%
<b>Rent, Communications, &amp; Utilities</b>	2,947,575	2,955,957	8,382	0.3%	3,334,022	3,264,495	(69,527)	-2.1%
<b>Administrative</b>	7,873,776	9,601,113	1,727,338	21.9%	9,491,589	6,808,943	(2,682,646)	-28.3%
<b>Contracted Services</b>	6,214,813	4,303,653	(1,911,160)	-30.8%	6,137,437	3,954,741	(2,182,696)	-35.6%
<b>TOTAL</b>	110,997,109	105,237,436	(5,759,673)	-5.2%	112,239,555	98,902,328	(13,337,228)	-11.9%

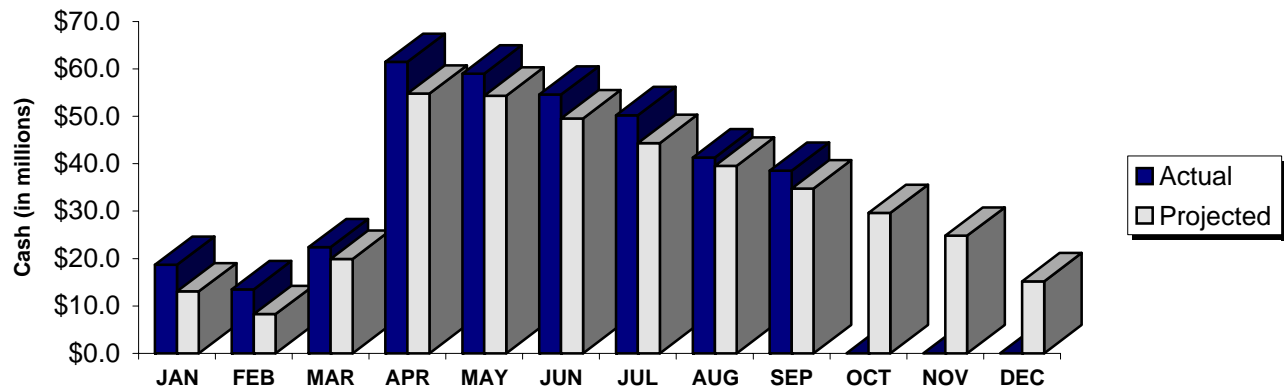
**Percent Over (Under) Budget**  
**September 30, 2005**



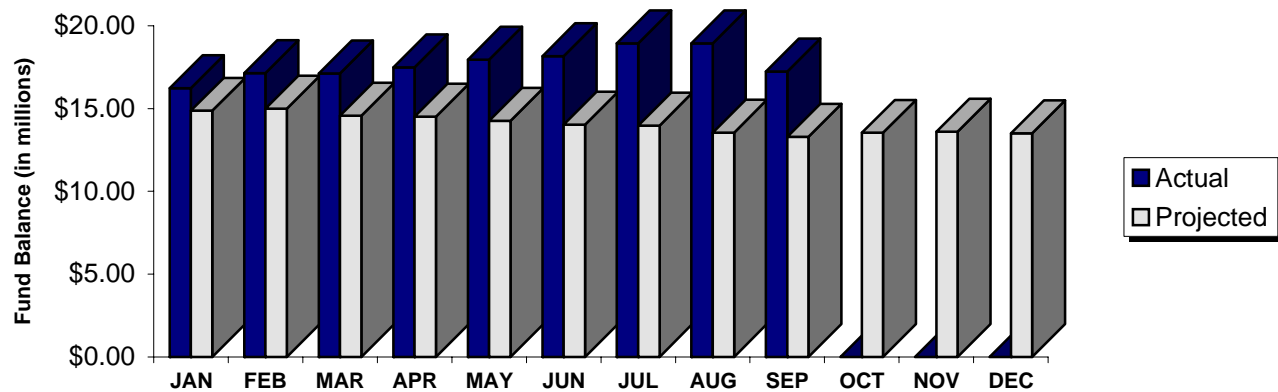
### Actual & Projected Net Income (2005)



### Actual & Projected Cash Balance (2005)



### Actual & Projected Fund Balance (2005)



***National Credit Union Administration Operating Fund***  
***Ratios***  
***September 30, 2005***

<b>BALANCE SHEET</b>	<b>September 2004</b>	<b>September 2005</b>
<u>Liquid assets / Total assets</u>	52.66%	49.78%
<u>Current assets / Total assets</u>	54.72%	54.50%
<u>Fixed assets / Total assets</u>	45.28%	45.50%
<u>Current liabilities / Total assets</u>	37.80%	45.75%
<u>Non current liabilities / Total assets</u>	33.93%	31.96%
<u>Retained Earnings / Total assets</u>	28.27%	22.29%
<b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Interest &amp; other income / Total revenue</u>	1.02%	2.27%
<u>YTD Program related income / Total revenue</u>	98.98%	97.73%
<u>YTD Expenses / Total revenue</u>	88.22%	95.15%
<u>YTD Net income / Total revenue</u>	11.78%	4.85%
<b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$17.6	\$20.3
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	71.8%	111.3%
<u>Cash and cash equivalents / Total assets</u>	52.7%	49.8%